

# LAND VALUES.

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## CONTENTS.

SEPTEMBER, 1905.

General News.	
A Great Iniquity.	
"Robinson Crusoe Up-to-Date."	
The Alien Question and the "White" Ideal.	
Scottish Notes and News.	English News and Notes.
Theodore Llewelyn Davies.	Practice and Theory.
The Paradox of the Good.	
The Evils of the Present Land System	
The Views of a Landowner and Single Taxer.	
News of the Movement.	
Professor Smart and the Single Tax.	
Annual Meeting of English League for the Taxation of Land Values.	
The A.B.C. of the Coal Question.	
The Water Lords.	Democracy and Reaction.
Owning Land-User	Disappearing.

### "OUR POLICY."

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacred to the individual all that belongs to the individual."—Henry George.

### PRACTICE AND THEORY.

To the theorist it is always encouraging when he finds his reasoned inductions confirmed by the man of affairs who does not trouble with abstractions but has shrewd ideas as to the direction in which his own material interests lie. Single Taxers will find such encouragement and support in *The Statist* of July 22nd, where the present business position in the Argentine Republic is reviewed. After touching on the great trade prosperity which Argentina is at present enjoying *The Statist* proceeds to say:—

"The only direction in which there is any danger at present of wild speculation is in land. There is a strong demand both for wheat and maize, and, consequently, the tillage area has been increasing steadily for some time past. Just now it is increasing largely. Especially, the exports of maize are on a great scale. And it is estimated that the breadth of land sown with the new crops will largely surpass anything yet known. In consequence, there is a strong demand for land, and speculators are buying up eagerly. Sometimes they succeed in selling again before they have even to pay down the price agreed upon, and they have been able to sell in some cases at extraordinarily large profits.

If this goes on it will be a danger. As long as the present prices for wheat and maize are maintained, no doubt the speculation can go on. But if anything were to cause a fall, the speculation would utterly break down."

Here we have the leading financial organ reducing to a concrete case and exemplifying in the Argentine precisely what Single Taxers declare in general terms must apply to all trade as at present carried on in all countries. Land speculation far and away beyond all other forms of speculation is *the enemy*, and is, in fact, the prime cause of those regularly recurring crises of trade depression from which progressive countries are suffering more and more. It did not need a course in Political Economy nor a study of Book V. "Progress and Poverty" to convince *The Statist* that the real danger in Argentina is not speculation in corn, cattle, railways, or speculation in any other labour product, but simply speculation in the natural element from which all labour products come. And *The Statist* is right. We would even venture to assert that if land speculation were made impossible all other forms of speculation would be rendered harmless. The motive of operators in all forms of speculation is to render the object dealt in artificially scarce, and therefore artificially dear, and then to get out at the top price. When the object dealt in is land all manner of peculiar and special evils result directly and indirectly—evils which do not attach to other speculations. The source of all things being partially withheld from use fewer commodities can be produced, less labour is therefore demanded, and there being less demand for labour the competition among workers for such restricted employment as remains is artificially intensified and wages are driven towards the minimum.

But with the removal of land speculation, it is reasonable to anticipate that speculation in commodities would very soon defeat itself; for the source from which all commodities come being now equally available at its natural price to all who wish to produce, no sooner was there any sign of scarcity or high price in any particular trade than there would be a flow of labour and capital into that trade, anxious to profit by the high price going. The result would be increased supply and a fall in price to the normal again. This is the natural course of events, and if land were equally open to all for purposes of production it is what we might reasonably expect to happen. All, however, is distorted by the institution of private property in land with its attendant right of withholding land from use and so of checking production. If competition is to be allowed to fulfil its function as an antidote to speculation this prime monopoly will have to be undermined, for so long as it remains intact the action of competition in checking speculation is arrested. Free and fair competition is the natural and sufficient defence against all forms of

speculation harmful to the community. The speculator, if he is to succeed, must in the last resort have his feet on the earth; with the land cut from under him he is powerless for evil. Vermin cannot exist in full sunlight. No more could harmful speculation under really free conditions.

The same considerations hold true as regards periods of trade depression. In Argentina, the City organ accurately traces collapse in trade to its main cause. It seems instinctively to see that great demand for corn leads speculators there, in anticipation of the boom continuing, to buy up in advance land which though not wanted at present will come to be wanted later on, so that when the need for it does arise, a monopoly price can be asked for its use. If this price is not there and then forthcoming speculators can afford to sit tight until the increasing pressure enables them to force from growers the fancy price asked. For a time this lasts and all goes merrily so far as the speculators are concerned. Each unloads at a handsome profit on to others eager to take his place and do likewise. But sooner or later the point is reached where the price of land has been forced to such an unnatural level that the user, be he grower, trader, or industrialist, is unable to pay what is asked if he is to secure the customary return to his work. Land is not now sought for at the price demanded. But the men or companies who have already paid the high speculative price for the land counting that the demand of growers would continue to increase and enable them to unload at a profit, cannot afford to take less if the speculation is to be a success. One or both of two things must therefore happen. As there is a minimum return below which labour and capital cannot continue to exist, either the would-be user is unable to pay the price demanded and a check is thus given to one trade which spreads to others, or else speculators get rid of their land at a loss which is greater or less according to circumstances. Failures result, the bubble bursts, and, as *The Statist* says, the whole situation utterly breaks down.

As people take fright this collapse in land speculation grows in intensity, each successive failure adding to the desire of others to get out of a bad "business." But failures in one "business" cannot occur without affecting others, and all trade now feels the effects of the land speculator's collapse, coming on top of the check to production caused by inflated land values. This is general "bad trade," and it will continue until either the price demanded for use of land falls to a point at which production can be carried on remuneratively (*i.e.* until rent falls), or else until the advance of science and invention so adds to the productiveness of labour that producers are able to comply with the demands of land speculators. In practice these two effects probably act together, in time the equilibrium is re-established and the crisis is past; trade takes a

turn for the better, brisk times return, and the process repeats itself.

It appears clear that this is broadly what must and does take place in all growing communities, and, though best seen in new countries, completely explains most of the phenomena which accompany booms and depressions in trade throughout the world. What applies to wheat growing in Argentina equally applies to the building of houses in any growing city at home. A check is put to building of houses and factories here, just as it is put to the growing of corn in Argentina, with the same general results. There is no way out but through the break up of land monopoly which this journal exists to bring about.

W. R. LESTER.

### THE PARADOX OF THE GOOD.

Cicero in his speeches frequently used as a term of classification the word *boni*, the good. He meant the word to include the party to which he devoted his eloquence and his life. They were those who sympathized with the time-honoured senatorial regime, those who upheld the existing order of things, those who for generations had enjoyed special privileges, together with their dependents and followers.

He, like the sturdy Cato, had ideals for this party. He believed that the government should be administered with rectitude, as he understood the word rectitude, and that there were limits beyond which the processes of speculation and graft should not go. But in the main the old ways were all right; and in contrast with the restless, uncertain masses, concentrating under Caesar and meditating "new things"—which was the orthodox expression for revolution—in contrast with these, whose policy, so far as it could be understood, was subversive of ancient rights and privileges, the conservatives, who maintained the established order, were the good.

It is interesting to note in passing that Cicero himself was not of the nobility. But he had thrived. He owned not only a handsome residence in the city, but half a dozen country places, some in the mountains and some by the seashore. He was an educated gentleman, fond of literature, a senator in daily and intimate relations with the old families of the ancient regime. Whatever savoured of vested rights and eminent respectability had his support, and all who agreed in this support were the good.

As I have intimated, Cicero believed that vested rights carried duties, and that respectability should be really respectable. He believed that wealth was a trust, that position had responsibilities, that a senator should do business in a senatorial way. What he could not see was that the nabobs of his party of the good, by their deft policy of amassing wealth in respectable ways, were the real enemies of the preservation of the constitution which he so eloquently upheld. He could not see—any more than his many likes since his day—that the policy of the good, whereby liberty is preached and private monopoly protected, good government proclaimed and special privilege fostered, is a paradox.

Will the good never learn this old Roman lesson? Will they never learn that they, and not Caesar or the proletariat, are the real enemies of the Republic? Will they never learn that the sanctimonious talk about riches being a trust has been rotten for two thousand years? Will they never learn now in our time, after all the lessons of the past, that unless justice be done—unless the means of respectable robbery be removed—there will roll up again a clamour of wrongs, with a clear summons for new things—once more? —J. H. Dillard, in *The Public*.